

EL FORGE LIMITED

REPORT OF THE DIRECTORS

The Directors present the 84th Annual Report along with the Audited Financial Statements of the Com-pany for the year ended 31st March, 2020.

1. Summarised Financial Results are given below

Particulars	For the Year Ended 31st March,2020	For theYear Ended 31st March ,2019
	(Rs. in Lakhs)	
Revenue from Operation (incl.excise duty)	3280.33	4976.55
Other Income	5.37	8.19
Profit/(Loss) before Depreciation	(229.83)	24.96
Profit/(Loss) after Depreciation	(888.33)	(636.15)
Extraordinary Income / Loss (-)	949.37	2962.12
Net Profit/(Loss) after tax	61.04	2325.96

2. Company Performance

During the year 2019-20 the automotive industry in India experienced a downward trend due to the difficulties faced in coping up with the emerging technologies, prominence of electric vehicles and the stringent emission norms all of which had to be dealt together. As a result there was a drop in production levels of the OEM's . Our turnover dropped from Rs.4976 lakhs in 2018-19 to Rs.3280 in the financial year 2019-2020 a drop by 34%. The company however followed cost effective measures and contained the loss at Rs.888.33 lakhs. The management will try its bes to perform in the uncertain covid-19 situation.

3. Dividend

The Directors have not recommended any dividend for the year under report due to loss incurred.

4. Borrowings

There are no credit facilities from banks.

5. CORPORATE MATTERS

5.01 Human Resources

El Forge has always been a people driven Company and its employees remain its most valuable asset.

Our employees have always extended full cooperation and support during good as well as difficult times, and have unstintingly put their best effects to deliver on all our commitments.

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The Human Resources practices at your Company empowers the employees through greater knowledge, opportunity, responsibility, accountability and reward. Emphasis is laid on identifying & nurturing talent. Continuous improvement techniques are followed for betterment of the skills in the organisation by implementing TQM & other training programs and there exists an excellent system of assessment of the employees based on the sound HR practices.

During the year under review there were 163 employees on the rolls of the company.

5.02 Key Managerial Personnel

Mr.K.V.Ramachandran, Vice Chairman & Managing Director, Mrs.R.Sowmithri, ED (Finance) & Secretary and Mr.V.Srinivasan who was appointed the CFO of the Company, within the meaning of Section 2(18) of the Companies Act, 2013 hold the office of Key Man-agerial Personnel. There were no resignations in Key Management Personnel during the year.

6. Corporate Governance

With reference to Corporate Governance, the Company has complied with all possible requirements of the guidelines as laid out in Clause 49 of the Listing Agreement. Annexure A contains report on corporate governance enclosed herewith.

At present the Company has six directors of which two are Executive Directors and four are non executive.

7. Internal Control System and their adequacy

The Company has adequate system of internal control with reference to the financial as well as non-financial operations. All the transactions are properly authorised, recorded and reported by the Management. The Company is following all the applicable Accounting Standards for properly maintaining the books of accounts and reporting financial statements. The Company ensures proper and adequate systems and procedures commensurate with its size and nature of its business even though there is no internal auditor during the year under report.

8. Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo

Information as per Section 134(3)(m) of the Companies Act, 2013 read with the Companies (Accounts) Rules 2014 relating to Conservation of Energy, technology absorption and foreign exchange earnings and outgo for the financial year 2019-20 are annexed as Annexure B which forms part of this Report.

9. Management Discussion and Analysis

Management Discussion and Analysis report for the year under report as stipulated under Clause 49 of the Listing Agreement in respect of the Stock Exchanges in India, is enclosed herewith (please refer

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Annexure C).

10. Research & Development

R&D in El Forge is a continuous process. All efforts in product design and process development are directed at Customer's satisfaction, competitiveness, quality and responsiveness. This includes focus on material wastage reduction by improvement in technology and equipment with major emphasis at the Tool Room for value engineered die design and manufacture. Simultaneous efforts are made at the shop floor to improve manufacturing efficiency to sustain the development efforts. Annexure B to this report contains the details thereof.

11. Industrial Relations

Employees, at all levels, have contributed to the performance of the Company. Your directors place on record the co-operation of employees received during the year under report. The Directors also place on record the unstinted cooperation extended by the staff members during the period under review.

12. Fixed Deposits

The Company has not accepted (or renewed) any fixed deposits during the year under report. The deposits are being repaid to the deposit holders as and when the deposit holders send their Fixed Deposit Receipts issued to them claiming their refund. As on 31st March, 2020, the outstanding deposits amount to Rs.65.10 lakhs.

13. Applicability of Section 197(12) of Companies Act, 2013 read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules 2014

None of the employees come within the purview of Section 197(12) of the Companies Act, 2013 read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules 2014. Accordingly, no disclosure has been made, in the above regard.

14. Directors Responsibility Statement

Pursuant to Section 134 (5) of the Companies Act, 2013, the Board of Directors of the Company hereby states and confirms that

- a) In the preparation of Annual Accounts, the applicable accounting standards had been followed.
- b) The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March,2020 and of the Profit or Loss of the Company for that year.
- c) The Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- d) The Directors had prepared the Annual accounts on a going concern basis

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- e) That proper internal financial controls were followed by the Company and that such internal financial controls was adequate and were operating effectively.
- f) That proper systems to ensure compliance with the provisions of all applicable laws were in place and that such systems were adequate and operating effectively.

15. Remuneration Policy of the Company

The remuneration policy of the Company comprising the appointment and remuneration of the Directors, Key Managerial Personnel and Senior Executives of the Company including criteria of determining qualifications, positive attributes, independence of a director and other related matters have been provided in the Corporate Governance report which is attached, herewith.

16. Extract of the Annual Return:

Extract of the Annual Return in the present form is enclosed herewith in Annexure F.

17. Secretarial Audit

Pursuant to provisions of Section 204 of the Companies Act, 2013 read with Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules 2014, the Company engaged the Services of Mrs.B.Venkatalakshmi, Company Secretary in Practice, to conduct the Secretarial Audit of the Company for the financial year ended 31st March, 2020.

The Secretarial Audit report (in Form MR-3) is attached as Annexure to this Report. Please refer Annexure G in this report.

18. Related Party Transactions

All transaction entered by the Company with Related Parties were in the ordinary course of business and at Arm's Length pricing basis. The Audit Committee granted omnibus approval for the transaction (which are repetitive in nature) and the same was reviewed by the Audit Committee and the Board of Directors. There were no materially significant transactions with Related Parties during the financial year 2019-20 which were in conflict with the interest of the Company Suitable disclosures as required under AS 18 have been made in Item No.16 of Note No.3.02 of financial statements. Accordingly there are no transactions that are required to be reported in Form AOC-2 and accordingly AOC-2 has not been attached.

19. Corporate Social Responsibility

Our company does not fall under the criteria laid for Corporate Social Responsibility under section 135 of the Companies Act,2013 and hence the section is not applicable to the Company for the year under report.

20. Particulars of Loans, Guarantees or Investments

Your Company has not made any loan or given any Guarantees or made any investment during the year under Section 186 of the Companies Act, 2013

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21. Vigil Mechanism / Whistle Blower Policy

Pursuant to Section 177(9) of the Companies Act, 2013 read with Rule 7 of the Companies (Meetings of Board and its powers) Rule 2014 and Clause 49 of the Listing Agreement, the Board of Directors had approved the policy on Vigil Mechanism/Whistle Blower and the same is hosted on the Website of the Company. The policy inter-alia provides a direct access to the Chairman of the Audit Committee.

Your Company hereby affirms that no Director/employee has been denied access to the Chairman of the Audit Committee and that no complaints were received during the year.

22. Statutory Auditors

The Statutory Auditors M/s L.Mukundan & Associates, Chartered Accountants (Firm Registration No.010283S) have been appointed last year to continue for a term of three years from the conclusion of this AGM. Their appointment resolution forms part of the agenda of the notice of the 84th AGM.

23.Explanation to Auditor’s remark

There are no qualifications, reservations or adverse remarks or disclaimers made by the Statutory Auditors and Company Secretary in practice in their Reports respectively. The Statutory Auditors have drawn attention to some points under “ Emphasis of Matters “ which are dealt with in the notes on accounts.

24. Material changes

There has been no material changes affecting the financial position of the company between 31st March,2020 till the date of the report.

25.Prohibition and redressal of sexual harrasment of women at work place

Pursuant to the new legislation, “ Prevention, Prohibition of and Redressal of Sexual Harrasment of Women at Work place Act,2013” the company has framed a policy on prevention of sexual harrasment at work place. There were no cases reported during the year under review under the policy.

26.The Annual Report for 2019-20 has been posted in the website of the company

<https://www.elforge.com/docs/EI%20Forge%20Ltd%20Annual%20reports%202019-20.pdf>
it can be accessed by clicking the following link.

27.Acknowledgements

The Company places on record the co-operation of Bankers, Bank of Baroda, Indus Ind Bank a Asset Reconstruction companies -Asset Reconstruction Company(India) Ltd and Edelweiss Asset Reconstruction Company Ltd. We also thank all our Customers, Suppliers, Employees and others connected with the business for their co-operation. We sincerely thank the shareholders for their support.

Place : Chennai
Date: 29/07/2020

For and on behalf of the Board of Directors
V.SRIKANTH
CHAIRMAN